

Attachment R

PG&E issued solicitations of interest to all Interested Parties on March 10, 2008

March 10, 2008

Subject: Kilarc-Cow Creek Hydroelectric Project (FERC No. 606)
Solicitation of Interest for Ownership and Management of Kilarc Powerhouse and
Adjacent Land for Public Use

To Interested Parties,

Pacific Gas and Electric Company (PG&E), the Licensee for the Kilarc-Cow Creek Hydroelectric Project, FERC No. 606 (Project), is applying to the Federal Energy Regulatory Commission to surrender the license for this Project. As part of the surrender process, PG&E proposes to decommission and remove the Project works as discussed in the Preliminary Proposed Decommissioning Plan (Preliminary Plan) issued by PG&E on September 10, 2007. In the development of the Preliminary Plan, local community members expressed concerns that the Kilarc Powerhouse would be decommissioned. PG&E would support transferring the Kilarc Powerhouse and adjacent lands to another entity for public use, which would be recreational or historical in nature. However, it is PG&E's intention to work within the requirements of its Land Conservation Commitment to permanently protect specific watershed lands through donation of conservation easements and/or fee interests in such lands to qualified entities. Although others may be considered, we would expect that any entity proposed to take over the Kilarc Powerhouse and adjacent lands to be a State or Federal agency, local government, or nonprofit group that has the demonstrated capacity and capability of owning and managing the facility for a recreational/historical public use.

PG&E has prepared a guidance document to assist organizations potentially interested in owning and managing Kilarc Powerhouse and adjacent lands. The document, entitled "Requirements for Acquiring, Owning and Managing Kilarc Powerhouse and Adjacent Land," is attached. It evaluates the requirements and obligations associated with such an undertaking, and discusses the issues that would need to be addressed by a prospective owner/operator.

Solicitation of Interest

With this letter, PG&E is soliciting statements of interest in owning, managing, and operating Kilarc Powerhouse and adjacent land for a recreational/ historical public use¹. Qualified organizations must have the capability to maintain and operate the facilities, as well as the

¹ Kilarc Powerhouse for generation purposes will not be considered under this solicitation. PG&E has no authority to authorize continued operation of Project facilities for power generation.

capability to obtain the necessary regulatory and legal approvals for transfer and operation of the facilities. Interested parties are invited to return the attached "Solicitation of Interest Form" by **April 24, 2008**. PG&E will review any Solicitation of Interest forms received, and contact respondents by mail or phone to discuss interests and, if warranted, establish a process for further discussion.

Completed Solicitation of Interest Forms should be mailed (US Postal delivery) to:

Stacy Evans
Pacific Gas and Electric Company
Power Generation
Mail Code N11C
PO Box 770000
San Francisco, CA 94117

Or express mailed (Overnight Delivery) to:

Stacy Evans
Pacific Gas and Electric Company
Power Generation
245 Market Street
San Francisco, CA 94105

Sincerely,



Stacy Evans and Steve Nevares
Co-Project Managers– Kilarc-Cow Creek Project

Attachments

Solicitation of Interest Form

Requirements for Acquiring, Owning, Managing Kilarc Powerhouse and Adjacent Land

SOLICITATION OF INTEREST FORM

1. Please provide the following:
 - a. Name of organization
 - b. Principal contact person
 - c. Contact Information: Address, Telephone, Fax, E-mail
 - d. Names, roles and contact information for any major teaming partners
2. Please provide an overview of your organization, including legal structure, mission, history, location, accomplishments, and personnel resources. Please provide any supporting documentation in this regard.
3. Briefly describe your organization's experience managing facilities and land for public uses, especially those historical and/or recreational in nature.
4. Briefly describe your organization's experience obtaining environmental and/or regulatory permits, especially your experience working with the California State Historic Preservation office.
5. Briefly describe your organization's experience with facility upgrades for compliance with the American for Disabilities Act, and with seismic retrofits.
6. Briefly describe how your organization proposes to finance the operations and maintenance of the facility and land.
7. Briefly describe your organization's plan to manage the financial and other liabilities associated with operating a facility for public use.
8. Briefly describe your assessment of the key challenges and risks in operating and maintaining Kilarc Powerhouse and adjacent land for recreational/historical public use.
9. Briefly describe what types of support does your approach need for success?

March 10, 2008

Subject: Kilarc-Cow Creek Hydroelectric Project (FERC No. 606)
Solicitation of Interest for Operation of Kilarc Forebay as a Recreation Facility

To Interested Parties,

Pacific Gas and Electric Company (PG&E), the Licensee for the Kilarc-Cow Creek Hydroelectric Project, FERC No. 606 (Project), is applying to the Federal Energy Regulatory Commission to surrender the license for this Project. As part of the surrender process, PG&E proposes to decommission and remove the Project works as discussed in the Preliminary Proposed Decommissioning Plan (Preliminary Plan) issued by PG&E on September 10, 2007. In the development of the Preliminary Plan, local community members expressed concerns that the proposed removal of Project works included the decommissioning of Kilarc Forebay. It was suggested by local community members that another entity could potentially take over the recreational facilities at Kilarc Forebay. PG&E is not opposed to the transferring to another entity the facilities necessary to continue operation of Kilarc Forebay as a recreational facility. However, it is PG&E's intention to work within the requirements of its Land Conservation Commitment to permanently protect specific watershed lands through donation of conservation easements and/or fee interests in such lands to qualified entities. Although others may be considered, we would expect that any entity proposed to take over the Kilarc Forebay recreational facilities be a State or Federal agency, local government, or nonprofit group that has the demonstrated capacity and capability to continue operations of Kilarc Forebay for recreational purposes.

PG&E has prepared a guidance document to assist organizations potentially interested in owning, managing and operating the recreational facilities at Kilarc Forebay. The document, entitled "Information for Operation of Kilarc Forebay as a Recreation Facility," is attached. It evaluates the requirements and obligations associated with such an undertaking and discusses the issues that would need to be addressed by a prospective recreation owner/operator.

Solicitation of Interest

With this letter, PG&E is soliciting statements of interest in owning, managing, and operating the facilities necessary to continue operation of Kilarc Forebay as a recreational facility¹. Qualified

¹ Interest in continued operation of Kilarc Forebay for generation purposes will not be considered under this solicitation. PG&E has no authority to authorize continued operation of Project facilities for power generation.

organizations must have the capability to maintain and operate the facilities, as well as the capability to obtain the necessary regulatory and legal approvals for transfer and operation of the facilities. Interested parties are invited to return the attached "Solicitation of Interest Form" by **April 24, 2008**. PG&E will review any Solicitation of Interest forms received, and contact respondents by mail or phone to discuss interests and, if warranted, establish a process for further discussion.

Completed Solicitation of Interest Forms should be mailed (US Postal delivery) to:

Stacy Evans
Pacific Gas and Electric Company
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Mail Code N11C
PO Box 770000
San Francisco, CA 94117

Or express mailed (Overnight Delivery) to:

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245 Market Street
San Francisco, CA 94105

Sincerely,



Stacy Evans and Steve Nevares
Co-Project Managers– Kilarc-Cow Creek Project

Attachments

Solicitation of Interest Form

Information for Operation of Kilarc Forebay as a Recreation Facility

SOLICITATION OF INTEREST FORM

1. Please provide the following:
 - a. Name of organization
 - b. Principal contact person
 - c. Contact Information: Address, Telephone, Fax, E-mail
 - d. Names, roles and contact information for any major teaming partners
2. Please provide an overview of your organization, including legal structure, mission, history, location, accomplishments, and personnel resources. Please provide any supporting documentation in this regard.
3. Briefly describe your organization's experience managing recreation facilities.
4. Briefly describe your organization's experience operating and maintaining water conveyance facilities.
5. Briefly describe your organization's experience obtaining environmental and/or regulatory permits.
6. Briefly describe how your organization proposes to finance the operations and maintenance of the facility.
7. Briefly describe your organization's plan to manage the financial and other liabilities associated with operating a public recreation facility.
8. Briefly describe your assessment of the key challenges and risks in operating and maintaining Kilarc Forebay for public recreation purposes.
9. Briefly describe what types of support your approach needs for success.